

Message Text

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61

ACTION ARA-17

INFO OCT-01 ADP-00 EB-11 COME-00 INT-08 CIAE-00 INR-09

NSAE-00 RSC-01 OEP-01 TRSE-00 AID-20 FRB-02 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 NSC-10

SS-14 STR-08 CEA-02 L-03 H-02 PRS-01 PA-03 USIA-12

RSR-01 /156 W

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R 161840 Z MAR 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 9102

UNCLAS CARACAS 2313

E. O. 116 52 N/ A

TAGS: ENRG VE

SUBJECT: COMPANIES REACTION TO INCREASED PETROLEUM TAX REFERENCE
VALUES

REF: CARACAS 2282

1. SUMMARY: PUBLIC REACTION TO OIL COMPANIES HERE TO INCREASES IN TAX REFERENCE VALUES ANNOUNCED MARCH 13 BY VENEZUELAN GOVERNMENT IS THAT INCREASES ARE VERY LARGE, THAT THEY COULD AFFECT ADVERSELY COMPETITIVE POSITION OF VENEZUELAN OIL, AND THAT THEY PLACE OIL COMPANIES IN A DIFFICULT POSITION BECAUSE U. S. PRICE CONTROLS MAY PREVENT PASSING ON COST INCREASES TO CUSTOMERS IN U. S. FOLLOWING ARE QUOTATIONS PUBLISHED BY THE PRESS FROM VARIOUS UNIDENTIFIED OIL COMPANY SOURCES. END SUMMARY.

2. " IT IS CASE OF IRRESISTABLE FORCE, REPRESENTED BY VENEZUELAN UPWARD PRICE HIKE, CLASHING WITH IMMOVABLE OBJECT, REPRESENTED IN PRICE CONTROL POLICY OF U. S. IN THIS TUG OF WAR, HE WHO IS SMACKED IN MIDDLE -- THAT IS, PRIVATE OIL INDUSTRY -- MAY JUST WIND UP
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SQUASHED."

3. " BASIS USED BY GOVERNMENT TO FIX AGAIN PRICES WHICH ALREADY HAD BEEN FIXED FOR A YEAR' S DURATION AS OF JANUARY 1 IS NOT CLEAR TO US. AS FOR INCREASES THEMSELVES, SUPERFICIAL GLANCE AT THEM SEEMS TO INDICATE THAT THEY ARE EXCESSIVE SINCE THEY ARE GREATER THAN WHAT WAS CONTEMPLATED IN GENEVA ACCORD BETWEEN OIL INDUSTRY AND PERSIAN GULF COUNTRIES, AND THESE COULD AFFECT VENEZUELA' S COMPETITIVE POSITION."

4. " THERE IS NO ASSURANCE WHATSOEVER THAT THESE INCREASES WILL BE RECOVERABLE IN MARKET TO THE MEASURE THAT PRESENT WINTER FUEL SHORTAGES COMMENCE TO DISAPPEAR IN U. S., WHERE THIS YEAR THERE EXISTED AN ENERGY CRISIS."

5. ABOVE COMMENTS FROM OIL INDUSTRY SOURCES APPEARED ONLY IN ENGLISH LANGUAGE DAILY JOURNAL AND WERE NOT PICKED UP BY VERNACULAR PRESS. THUS THEY REACHED GOVERNMENT OFFICIAL AND OPINION MAKERS, WHO TEND TO FOLLOW DAILY JOURNAL, BUT TENDED NOT TO REACH VENEZUALAN PUBLIC.
DEVINE

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*** Current Classification *** UNCLASSIFIED

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